



# The Impact of Welfare Reform on Advice Services

Keith Dryburgh

Citizens Advice Scotland



The material contained in this presentation is the copyright of The Scottish Association of Citizens Advice Bureaux – Citizens Advice Scotland (Scottish charity number SC016637) and may not be reproduced, except by bureaux, without the written consent of the CAS Training Team.

# A short quiz

1. When did the first citizens advice bureaux open?

**1939 – the start of World War 2**

*It was our 75<sup>th</sup> birthday last month*

2. How many new benefit issues did bureaux deal with last year?

**207,835**

*Around 800 new benefit issues for each working day*

3. What is the most common issue that clients seek advice on at bureaux?

## **Employment and Support Allowance (ESA)**

*There were 38,619 new ESA issues last year (130,000 in the last 5 years)*

4. Which issue saw the biggest increase in advice need last year?

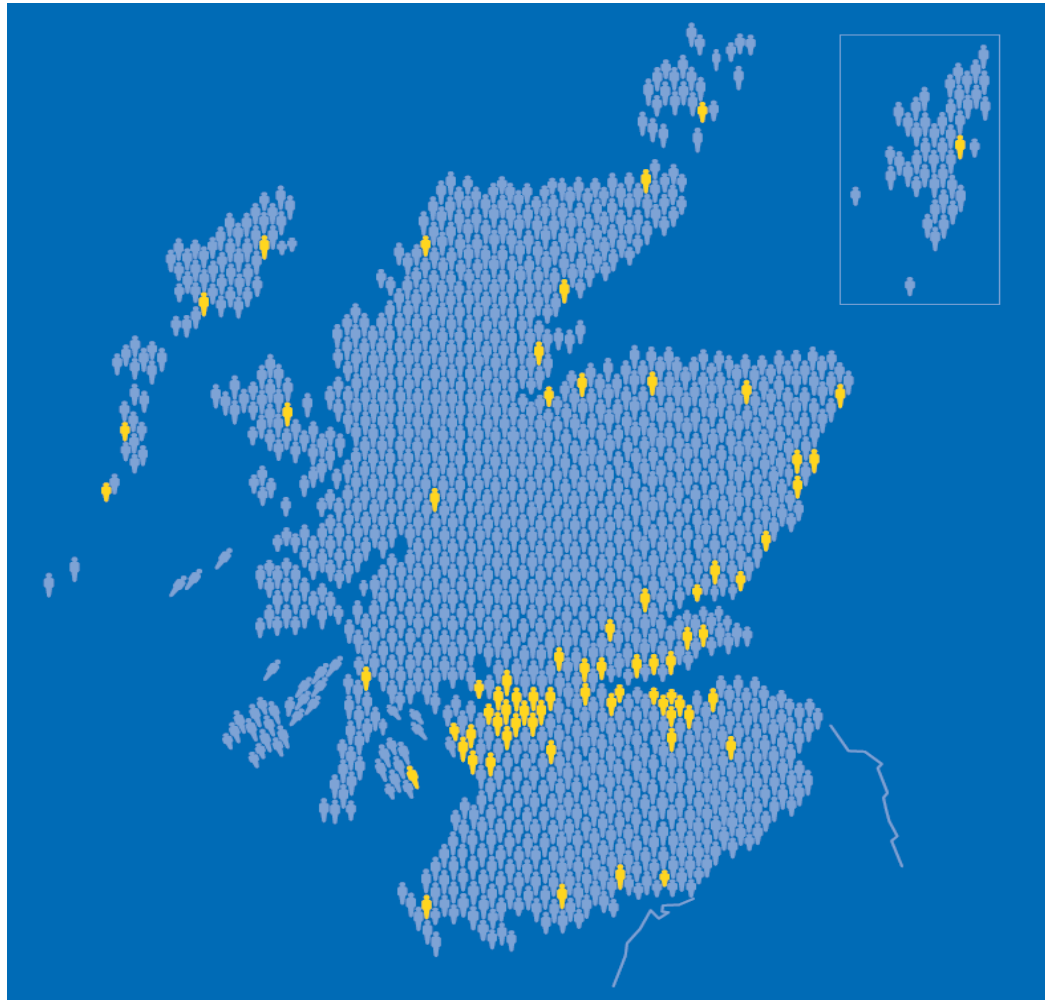
## **Charity support (mainly food parcels)**

*There were 6,500 issues relating to charity support. Around 1 in 42 CAB clients have a food parcel issue*

# Citizens Advice Scotland

- Citizens advice bureaux provide free, impartial, independent and confidential advice on pretty much anything. The main areas of advice include benefits, debt, employment, housing, consumer, and legal issues
- Clients sought advice on over half a million new issues to bureaux throughout 2013/14 – one issue for every minute of the year
- There are 2,200 volunteers in the service who provide almost 13,000 hours of their time each and every week.
- There are 81 citizens advice bureaux in Scotland operating through 200 service points. There is probably one near you.

# CAB in Scotland



# Did you know?

- Citizens advice bureaux have been around since 1939 – older than the NHS and the modern welfare state!



# The Welfare Reform Act

- The biggest change to the welfare state since its inception?
- Yes – but it is being implemented alongside significant cuts in welfare spending
- There is a risk that many will lose out
- Local Government and voluntary organisations may have to pick up the pieces through homelessness provision, social care spending, etc.

# The Welfare Reform Bill

Changes include:

- Universal Credit
- Housing Benefit restrictions
- A replacement of DLA
- Ramping up of conditionality
- A continuation of sickness benefit changes



# What else?

Alongside these welfare reforms, other changes are also happening:

- Employment and Support Allowance replacing Incapacity Benefit – lots of issues
- A range of other changes, including tax credits and HB
- Much harsher sanctions regime
- Generally, poor administration of benefits
- Uprating of benefits limited to 1%

# Welfare reform

- When the present welfare reforms have come into full effect they will take more than **£1.6bn** a year out of the Scottish economy - equivalent to around £480 a year for every adult of working age.
- The biggest financial losses arise from reforms to incapacity benefits (£500m a year), changes to Tax Credits (£300m a year) and the 1 per cent up-rating of most working-age benefits (£290m a year).
- Glasgow - £269 million annually - £347 for every working age adult

# What bureaux are seeing

- Increase in benefit issues requiring advice – over 200,000 last year
- Increase in complexity
- Significant increases in form filling and appeal representation
- ESA by far the most common issue at bureaux
- Increase in Housing Benefit, JSA and food parcel issues this year



**Charities**

**+155%**



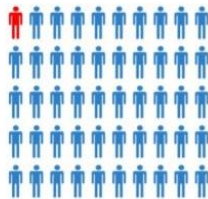
**JSA**

**+25%**



**Credit card debt**

**-6%**



**1 in 50 clients  
have a food  
parcel issue**

**52,817**

**Cases taken on by the Citizens  
Advice Consumer Service in  
2013/14**

**559,854**

**New issues advised on in CAB  
in 2013/14**

**Housing Benefit**

**+26%**



**Social housing arrears**

**+37%**



**PPI**

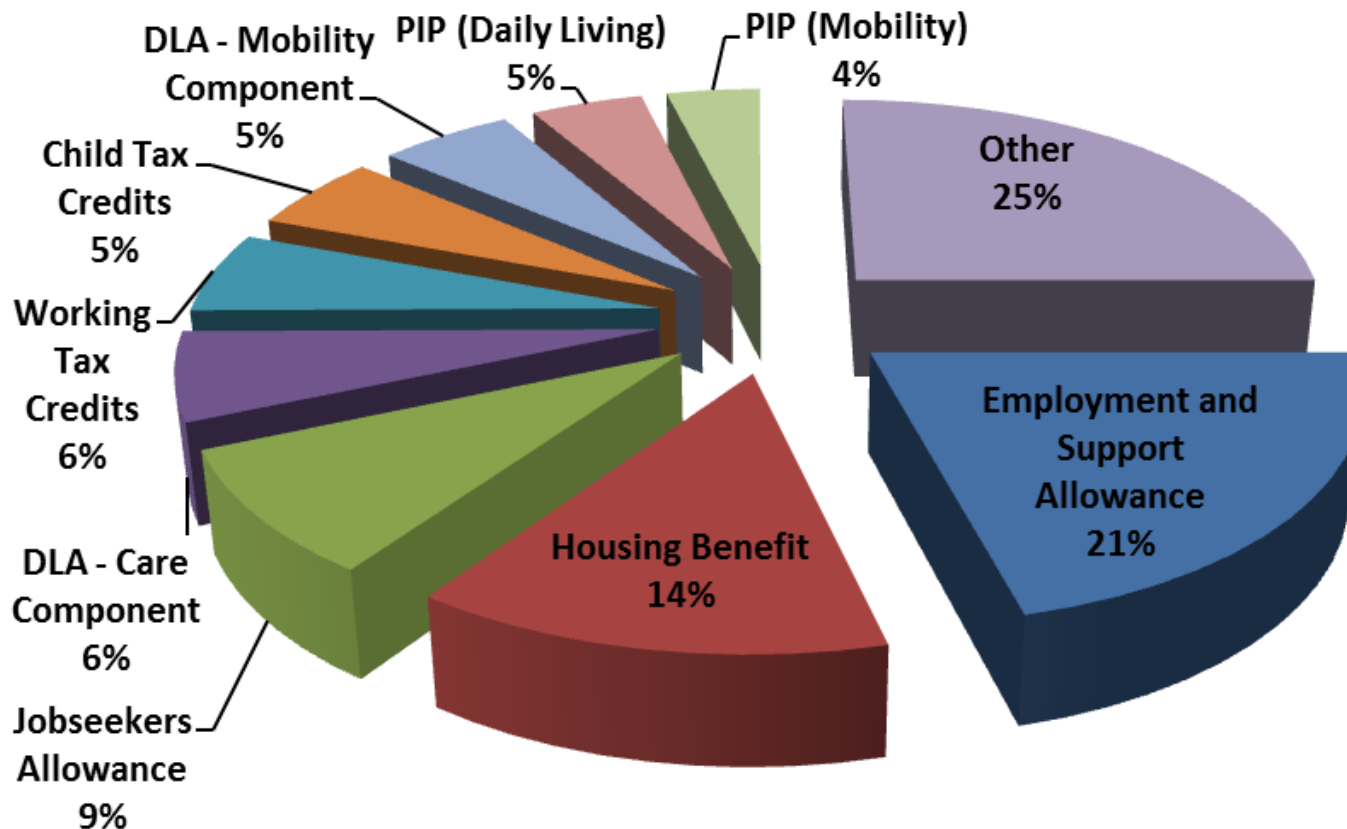
**-25%**



**One new issue is advised on  
every 56 seconds by a CAB**

**56 secs**

# What bureaux are seeing



# Sanctions

- JSA claimants are required to meet a range of conditions – failure means a sanction
- 85,535 JSA sanctions were imposed in Scotland in 2013/14 – 237 each day
- 5% of claimants are sanctioned in any one month
- Work Programme – twice as many sanctions as job outcomes

# Sanctions (2)

**A West of Scotland CAB reports** of a client who has been sanctioned for a month for missing his signing on day. He had been told by Jobcentre staff that the Jobcentre was shut due to a fire and he would be informed by letter when it was open. He went to a different Jobcentre later that week to sign on and was told by staff that his original Jobcentre was open. He was too late to go there that day and so signed on the next. He received a four week sanction for this.

**Citizens Advice Direct reports** of a caller and husband who have a joint claim for income-based JSA. He was sent by the Jobcentre for an interview for a security guard position, even though he doesn't have a security licence. At the interview, he was sent away by the prospective employer, as soon as they discovered he didn't have a licence. DWP have now sanctioned him for failing to attend the interview.

# PIP

- Personal Independence Payment (PIP) introduced in June 2013
- 202,000 DLA claimants in Scotland to be re-assessed for PIP
- Over 100,000 will receive a reduced entitlement or lose entitlement altogether
- Early experience of significant delays
- Expect PIP to become biggest CAB issue



# PIP (2)

An East of Scotland CAB reports of a client who has serious health issues and last year was diagnosed with throat cancer. The client has been waiting for over ten months for an appointment for assessment for PIP with ATOS. As a result of waiting for this length of time the client is now in financial difficulty, with rent and Council Tax arrears of almost £2,600, despite his wife working full time.

A West of Scotland CAB reports of a client who came into the foodbank. He is now in receipt of ESA but is still waiting to hear about PIP. He is finding it hard to manage in the meantime. The CAB advised that PIP claims are taking about six months at present. This was his fourth foodbank referral.

# ESA

- Still the biggest issue in bureaux – 38,619 new issues last year
- Mandatory reconsideration – shifting advice need
- Significant delays in assessments – up to 12 months

# Housing Benefit reform

- Welfare reforms will entail a loss of **£175 million** annually in housing support for claimants in Scotland (around £372 per claimant household)
- An estimated 83,500 households in Scotland affected by 'bedroom tax'
- Many claimants have or will be affected by a multitude of changes, including sickness and disability benefit reassessments

# Impact - clients

- Clients with disabilities particularly affected
- Rent arrears (up 35% last year at CAB)
- Stress and uncertainty
- Need for advice/support
- Additional income – employment/payday loans
- Food/fuel poverty

# Impact - clients

- 3,133 new issues relating to food parcel issues last year (rate is increasing)
- 1 in 50 clients have a food parcel issue
- 1 in 35 men; 1 in 12 unemployed; 1 in 26 of those who can't work due to disability
- Sanctions and benefit administration are main triggers of food parcel need (but also payday loans, bedroom tax and ESA reassessment)

# Impact - advice

- 10% increase in new benefit issues – equivalent to around 77 more each day
- Cases much more complex and time consuming
- Changes are exacerbating the problems of existing clients and creating issues for clients that were previously coping
- Bureaux are helping in a range of ways, including income maximisation, signposting to in-kind support and negotiating with creditors

# Mitigation

- Scottish Government funded CAB to mitigate the impact of reforms
- Over 17,500 clients have been supported with nearly 55,000 issues
- Issues more complex + time consuming
- Client financial gain of over £7m (a return of over 7 times funding)
- 1,916 forms; 256 tribunals

# Looking to the future

- 700,000 households in Scotland to be migrated to Universal Credit
- UC designed to influence claimant behaviour:
  - Direct payments
  - Monthly payments
  - Digital by Default
  - Payment to bank account



# Looking to the Future (2)

- Digital – 50% of benefit claimants do not have internet access
- Continued impact of conditionality and sanctions
- Roll out of Personal Independence Payment
- Benefit freeze
- Waiting days
- Two tier benefit system



The Scottish Association of Citizens Advice Bureaux –  
Citizens Advice Scotland  
(Scottish charity number SC016637)